



TCRS CONTRIBUTION REPORTING FOR FEDERALLY FUNDED SALARIES

NEW PROCEDURES EFFECTIVE JULY 2018





Hybrid Retirement Plan

- Hybrid Retirement Plan began in July 2014.
- Combination of the Defined Benefit/Defined Contribution plans.
- These procedures are only applicable to TEACHERS in the Hybrid Retirement Plan.
- This presentation only affects the TCRS component of the plan. The Defined Contribution (401k) plan contributions are not affected.



Hybrid Rate Components

The employer rate is made up of two components, for a total of 4%:

1. The Actuarially Determined Contribution
2. The Stabilization Reserve Contribution



Hybrid Rate Components

1. Actuarially Determined Contribution (ADC)

The amount actuarially calculated each year that is required to be contributed by an employer in order to ensure there will be enough funds to pay a promised pension.



Hybrid Rate Components

2. Stabilization Reserve Trust Contribution (SRT)

The difference between the statutory employer contribution rate of 4% and the ADC for the year.

Total Employer Rate	4.00%
<u>Less ADC Rate (determined each year)</u>	
SRT Rate	X.XX%



What is the Stabilization Reserve Trust (SRT)?

- The SRT can be compared to a rainy day fund or savings account to keep the employer contribution rate stable at 4%.
- Funds contributed to the SRT are set aside and invested for the future when the ADC rate is higher than 4%.
 - Instead of raising the employer contributions, the funds in the SRT will be transferred to TCRS to keep the rate at 4%.



Hybrid Employer Contribution Rates for Teachers

	FY 2018	FY 2019
• ADC component	1.63%	1.94%
• <u>SRT component</u>	<u>2.37%</u>	<u>2.06%</u>

Total Employer Contribution	4.00%	4.00%
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Hybrid Plan with Cost Controls

- State, Local Education Agencies (LEA), higher education, and participating local governments will benefit by setting funds aside into the Stabilization Reserve Trust (SRT).
- These funds will be used in years when the ADC exceeds 4%.



Federal Government and Hybrid Retirement Plan

- The Uniform Grant Guidance (UGG) provides for the salary and the cost of benefits to be charged to the federal government.
- The UGG has determined that only the ADC component will be eligible for federal grant reimbursement.
- SRT contributions are not recognized as an actual benefit expense.



Federal Government and Hybrid Retirement Plan (cont.)

- Therefore, only the ADC rate must be paid on federally funded salaries by LEAs.
- Only the ADC should be listed on any federal grant reimbursement reports/requests.
- For FY 2019, the ADC of 1.94% is the only employer contribution charged to federal grants.
- The full 5% Defined Contribution employer contribution should continue to be paid and charged to federal grants.



Non-Federally Funded Salaries

- Employer contributions for teachers NOT federally funded will continue to be 4% and will be paid in two steps.
- Contributions over the ADC rate will be credited to the SRT and kept separate from TCRS.



Same Benefit Calculation

- Both federally funded and non-federally funded will have EXACT same benefit calculation at retirement.
- The real difference is on the employer side of paying for it now or later.



New TCRS Reporting Structure Effective with July 2018 report

- The employer rate on Employer Self-Service (ESS) will be changed from the total 4% to the ADC rate (1.94% for FY 2019).
- Each LEA will be supplied with two codes for reporting to separate the federally funded salaries from the non-federally funded salaries.



Federal and Non-Federal Employer Codes

- If the employer is already using two separate codes for federal and non-federal, then there will be little change in the reporting of salaries.
 - Employer 91XXX MUST be used for federally funded salaries
 - Employer 99XXX MUST be used for **all** other teacher salaries



Federal and Non-Federal Employer Codes

- Some newer employers have only one code for all teachers.
- These employers will be receiving an additional code for reporting.
 - Examples - Charter schools or Achievement School District schools
 - For LEA employer codes that do not begin with 99XXX, the **second digit of the code** will be replaced with a 2.
 - For example: If 91915 is the current code, the new code would be 92915.



New Reporting Code Structure

- If the current employer code is a 99XXX, then the federal code will be 91XXX.
- If the current employer code is anything other than 99XXX, then the federal code will be 92XXX.



Employer Code Example

LEA Employer Code	Federal Code	Name
97961	92961	MEMPHIS DELTA PREPARATORY CHARTER SCHOOL
97962	92962	MEMPHIS STEM ACADEMY CHARTER SCHOOL
97963	92963	NEXUS STEM ACADEMY MIDDLE SCHOOL CHARTER
97965	92965	ASPIRE PUBLIC SCHOOLS-CHARTER SCHOOL
99001	91001	ANDERSON COUNTY SCHOOLS
99002	91002	BEDFORD COUNTY SCHOOLS
99003	91003	BENTON COUNTY SCHOOLS
99004	91004	BLED SOE COUNTY SCHOOLS
99005	91005	BLOUNT COUNTY SCHOOLS
99006	91006	BRADLEY COUNTY SCHOOLS
99007	91007	CAMPBELL COUNTY SCHOOLS



Stabilization Calculation

- TCRS will calculate the SRT contributions from the Salary supplied by the LEA on the non-federal employer code.
- Salary x SRT Rate = SRT contributions due.



Stabilization Reserve Employer Code

- TCRS will invoice the LEA for the SRT contributions.
- Approximately 3 business days after the contribution report is submitted, an invoice will be waiting for the LEA to pay.
- The LEA will sign in to ESS using an **additional online User ID** for paying the SRT portion to an additional employer code.



Separate Online User Account

- SRT must be invested in separate trust from TCRS

LEA Employer Code	Federal Code	SRT Employer Code	System
97961	92961	97961SR	MEMPHIS DELTA PREPARATORY CHARTER SCHOOL
97962	92962	97962SR	MEMPHIS STEM ACADEMY CHARTER SCHOOL
97963	92963	97963SR	NEXUS STEM ACADEMY MIDDLE SCHOOL CHARTER
97965	92965	97965SR	ASPIRE PUBLIC SCHOOLS-CHARTER SCHOOL
99001	91001	99001SR	ANDERSON COUNTY SCHOOLS
99002	91002	99002SR	BEDFORD COUNTY SCHOOLS



Additional Online ESS Account

- Each LEA will be supplied an online user account to be used ONLY for paying the SRT Invoice to Treasury.
- The additional online user account will be supplied to the LEA in July 2018, before reports are due.

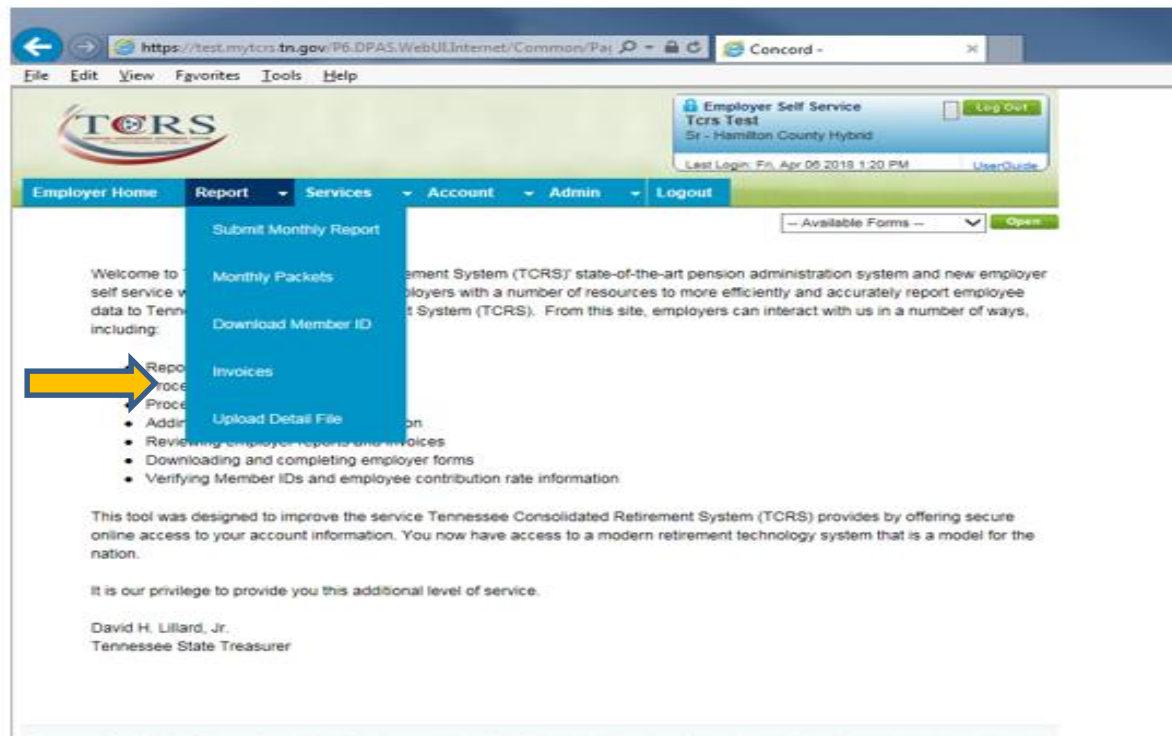


SRT Employer

- The SRT invoice will be calculated based on salaries reported on the non-federal employer code and the current SRT rate.
- Since this is a separate trust fund apart from TCRS, the invoice that is due will not show up on your normal employer reporting code.




Online access to TCRS ESS





Invoice Selection



Employer Self Service
 Tcrs Test
 Sr - Hamilton County Hybrid
 Last Login: Fri, Apr 06 2018 1:20 PM

Log Out

UserGuide

Employer Home
 Report
 Services
 Account
 Admin
 Logout

-- Available Forms -- Open

Invoices

The Invoices module allows employers to manage invoices. To pay an invoice, select the invoices and click **Pay Invoice**. To view an individual invoice, click the appropriate link and the invoice will open in a new browser window.

☐ Recent Invoices: --Select--
 ☐ Date Range: mm/dd/yyyy to mm/dd/yyyy

Show

Type: Select Invoice Type
 ☐ Show Paid Invoices

Invoice	Invoice Type	Date	Due Date	Amount	Balance Due	Status
<input checked="" type="checkbox"/> 12774	Stabilization Reserve	4/6/2018	04/06/2018	\$5,000.00	\$5,000.00	Unpaid

Pay Invoice

For questions regarding invoices, please contact us at (615) 532-6111



Report Comparison

March 2018 Employer Report

Employer	Salary	ER Rate	ER Contr
99005 Blount County	3,000,000	4.00%	\$ 120,000

July 2018 Employer Report

Employer	Salary	ER Rate	ER Contr
91005 Blount County Federal	240,000	1.94%	4,656
99005 Blount County	2,760,000	1.94%	53,544
	3,000,000		58,200

SRT Invoice

99005 Blount County	2,760,000	2.06%	56,856
			\$ 115,056



Summary

- Employers must begin separating salary between federally funded salaries and non-federally funded salaries.
- Employer reporting will pay only the ADC rate.
- Separate process to pay SRT portion to the SRT via an invoice.
- LEA will be supplied with one or two new codes for reporting and paying to TCRS, and an additional online user account for ESS.



Effective Dates

- New codes and online user IDs will be distributed in July 2018 to employers.
- Changes will be effective with the July 2018 salary that is due by August 10, 2018 to TCRS.



Local Government Plans outside of the Teacher Hybrid Plan

- There are 16 local governments that have passed a hybrid plan with cost controls.
- Similar 2 step process as LEA process except no additional employer code.
- Local government plans will be notified of procedures.



Questions

- For questions, please contact TCRS Employer Reporting at 800-922-7772 or TCRS.EmployerReporting@tn.gov.

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